

HOUSE BILL 648  
By Williams (Wil)

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82,  
relative to relative to natural gas utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-202, is amended by  
redesignating existing subsection (g) as subsection (h), and inserting a new subsection (g) as  
follows:

A utility district engaged in the distribution and sale of natural gas may, through  
its board of commissioners, contract to sell or transfer all or part of its franchise facilities,  
natural gas distribution system, assets, properties, obligations or liabilities to a private  
investor-owned utility. Such contract shall be subject to the approval of the applicable  
county executive or executives upon petition by the contracting parties. Upon such  
petition being filed, the county executive or executives shall proceed in the same manner  
provided in this chapter for the creation of a utility district. Upon finding that the public  
convenience and necessity will be served by such sale or transfer and that the same is  
economically sound and feasible and in the public interest, the county executive or  
executives shall enter an order approving the sale or transfer. The order shall include an  
equitable distribution of the proceeds of the sale or transfer, any other remaining assets,  
and for termination of the existence of the utility district if applicable. Such order shall  
also establish the legal rights, duties and obligations of the entities and parties involved.

In addition, the order shall require the purchaser to assume the obligations of the system

\*300000000\*

30000000

\*002552\*

\*00255228\*

and account for the revenues in a manner that will not impair any obligation of contract with reference to bond issues or other legal obligations of the district. The order shall fully preserve and protect the contract rights vested in the owners of any outstanding bonds, obligations, or contractual interests. This subsection permits a voluntary contractual sale by a utility district engaged in the distribution and sale of natural gas, subject to the approval process established in this section. Nothing herein shall be deemed or interpreted to require a sale or to permit any involuntary sale or transfer by such district.

SECTION 2. Tennessee Code Annotated, Section 7-82-304, is amended by adding a new subsection (13) as follows:

Terminate its operation and existence pursuant to Section 7-82-202(g).

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82,  
relative to relative to natural gas utility districts.

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82,  
relative to relative to natural gas utility districts.

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82,  
relative to relative to natural gas utility districts.

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82,  
relative to relative to natural gas utility districts.